AB740 6

Assembly Committee on Ways and Means

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		Tabling			
-		Concurrence			
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	Committee Member	Ауе	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair				
2.	Rep. John Ainsworth, vice-chair	2			
3.	Rep. Suzanne Jeskewitz	3			
4.	Rep. Frank Lasee				
5.	Rep. Samantha Starzyk	4			·
6.	Rep. Tom Sykora	5			
7.	Rep. Carol Owens	6			-
8.	Rep. Luther Olsen				
9.	Rep. Wayne Wood	8	egine china estate partition		
10.	Rep. Bob Ziegelbauer	9			
11.	Rep. Johnie Morris-Tatum	10			
12.	Rep. Mark Pocan				
13.	Rep. Bob Turner	17			
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Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

	Original		Updated	Cor	rected	Supr	olemental
LRB	Number	01-4667/1		Introduct	tion Number	AB-74	Λ
Subjec	ct				TOTAL TRANSPORT	AD-74	U
5		n certain individu	al income ta	ax credits			
Fiscal	Effect						
11 []	No State Fisc ndeterminate Increase E Appropriat Decrease Appropriat Create Ne	Existing Tions Existing	Reve Decr Reve	ease Existing enues ease Existing enues	Increase Cos absorb within Yes	i agency's b i	e possible to budget
	ndeterminate .	Costs Ve Mandatory e Costs Ve Mandatory	/ Permi	ase Revenue issive Mandatory ase Revenue ssive Mandatory	5.Types of Local Units Affected Towns Counties School Districts	I Governme Village Others WTCS Distric	e Cities
Fund Sources Affected Affected Ch. 20 Appropriations							
SEG SEGS							
		-		Authorized Signatu	ure		Date
DOR/ M	eredith Krejn	y (608) 261-898	4	Brian Pahnke (608)	266-2700		1/29/02

Fiscal Estimate Narratives DOR 1/29/02

	7/1 Introduction Number AB-740	Estimate Type Original
Subject	and a second of the second of	a) Oliginal

Assumptions Used in Arriving at Fiscal Estimate

The bill indexes for inflation, beginning in tax year 2003, the working families tax credit, the married couples tax credit and the school property tax credit. Indexing is to be based on the change in the consumer price index (CPI) from August of the previous year to the CPI from August 2001. The bill also renames the working families tax credit the "working family and income equity tax credit."

Specifically, the bill indexes the eligible income threshold amounts and phase-out levels of income for the working families tax credit for single persons and rounds this figure to the nearest \$10; the threshold amounts and phase-out levels for married joint filers are set to twice of those for single filers. For the married couple tax credit, the bill indexes the maximum credit amounts and rounds these to the nearest \$10. Finally, the bill indexes the maximum amount of eligible property taxes or rent that can be claimed for the school property tax/rent credit and rounds this figure to the nearest \$10; the amount for married separate filers is set at one-half of this amount.

Table 1 (see estimate attachment) shows the credit parameters for tax year 2003 based on the inflation forecast published in January 2002 by DRI-WEFA. The indexing factor used is 1.9%. Tax year 2002 information is provided as a baseline.

Based on simulations using the 1999 Wisconsin Individual Income Tax Model (adjusted to reflect current law and statutory indexing of tax brackets and the standard deduction for future years), the revenue loss associated with this bill is estimated to be approximately \$7.6 million in tax year 2003. Table 2 shows the fiscal effect broken down by credit.

The effects of these tax changes would occur in FY04 since withholding tables are typically not adjusted to account for changes in credits.

Long-Range Fiscal Implications

AB 740 (LRB 4667/1): Indexing for Inflation Certain Individual Income Tax Credits

Table 1
Credit Parameters: Tax Years 2002 and 2003

0 "	Tax Y	ear
Credit Working Familia - T. O. iii	2002	2003
Working Families Tax Credit	4.4	
Eligible Income Thresholds		
Single/Head of Household/Married Separate	\$9,000	\$9,170
Married Joint Filers	18,000	18,340
Phase-out Ceiling	,	.0,040
Single/Head of Household/Married Separate	10,000	10,190
Married Joint Filers	19,000	20,380
Married Couple Credit	10,000	20,000
Maximum Credit	\$480	\$490
Implied Maximum Eligible Earnings	16,000	
School Property Tax/Rent Credit	10,000	16,333
Maximum Tax/Rent Amount Eligible		
Single/Head of Household/Married Joint	\$2 E00	00
Married Separate Filers	\$2,500	\$2,550
Maximum Credit	1,250	\$1,275
Single/Head of Household/Married Joint	000	
Married Separate Filers	⊘∈300	\$306
-1	150	\$153

Table 2 Revenue Loss by Credit, Tax Year 2003

2 S / A V 2 S	<u>odkili.</u> Soota akabati
Credit	TY 2003
Working Families Credit*	\$ 390,000
Married Couple Credit	4,200,000
School Property Tax/Rent Credit	3,000,000
* Would be renamed the "Working Facility	3,000,00

^{*} Would be renamed the "Working Family and Income Equity Credit" under this proposal.

Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2047 (R07/2000)

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Upda Upda	ated Corrected	Supplemental
LRB Number 01-4667/1	Introduction Number	r AB-740
Subject		
Indexing for inflation certain individual in	come tax credits	
I. One-time Costs or Revenue Impacts	s for State and/or Local Government	d
annualized fiscal effect):	constant local Government (do not include in
ra da al caleño		
II. Annualized Costs:	A	
	Increased Costs	I Impact on funds from
A. State Costs by Category	increased Costs	Decreased Cost
State Operations - Salaries and Fringe	es d	
(FTE Position Changes)	\$	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category		
B. State Costs by Source of Funds	9	\$
GPR		
FED		7 - 7 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
PRO/PRS		
SEG/SEG-S		
II. State Revenues - Complete this onle.g., tax increase, decrease in license	y when proposal will increase or dear	
e.g., tax increase, decrease in license	fee, ets.)	ease state revenues
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-7,600,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-7,600,000
NET AN	NUALIZED FISCAL IMPACT	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	State	Local
IET CHANGE IN COSTS	\$	\$
ET CHANGE IN REVENUE	\$-7,600,000	\$
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gency/Prepared By	Authorized Signature	Date
OR/ Meredith Krejny (608) 261-8984	<u>i</u>	Date .
	Brian Pahnke (608) 266-2700	1/29/02

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